

Message Text

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13

ACTION EA-14

INFO OCT-01 EUR-25 ADP-00 INT-08 AID-20 CIAE-00 COME-00

EB-11 FRB-02 INR-10 NSAE-00 RSC-01 TRSE-00 XMB-07

OPIC-12 CIEP-02 LAB-06 SIL-01 OMB-01 DODE-00 PA-03

USIA-15 PRS-01 RSR-01 /141 W
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R 130601Z AUG 73

FM AMEMBASSY CANBERRA

TO SECSTATE WASHDC 1495

INFO AMCONSUL BRISBANE UNN

AMEMBASSY LONDON

AMCONSUL MELBOURNE UNN

AMCONSUL PERTH UNN

AMCONSUL SYDNEY UNN

AMEMBASSY TOKYO

LIMITED OFFICIAL USE CANBERRA 4492

E.O. 11652: N/A

TAGS: EMIN, EFIN, AS

SUBJ: MINISTER FOR MINERALS AND ENERGY

OUTLINES FOREIGN INVESTMENT PLAN

1. IN ONE OF MOST EXPLICIT STATEMENTS THIS SUBJECT
TO DATE, MINISTER CONNOR, IN AUGUST 10 SPEECH TO NEW
SOUTH WALES SECURITIES INSTITUTE IN SYDNEY, FLOATED
HIS PLAN FOR CHANNELING FOREIGN INVESTMENT INTO
AUSTRALIAN MINERALS INDUSTRY AS FOLLOWS:

A. ALL SUCH INVESTMENT TO GO THROUGH AUSTRALIAN
INDUSTRY DEVELOPMENT CORPORATION (AIDC). FOREIGN
COMPANIES TO STIPULATE TO AIDC AMOUNT OF INVESTMENT
DIRECTED TO PARTICULAR PROJECT WHICH, ACCORDING TO
PRESS ACCOUNTS OF SPEECH, "WILL RUN EXCLUSIVELY
BY AUSTRALIANS".

B. AUSTRALIAN GOVERNMENT WILL DETERMINE RATE OF
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RETURN RECEIVED BY FOREIGN INVESTORS IN MINERALS

PROJECTS AND APPARENTLY BY LOCAL INVESTORS AS WELL.
BOTH WILL RECEIVE A "SEMI-GOVERNMENTAL" INTEREST RATE
PLUS OTHER "SWEETENERS".

C. IN POSSIBLE GESTURE TO JAPANESE (WHO PRESS STATES
ALREADY INFORMED OF PLAN) CONNOR ASSURED FOREIGN INVESTORS
OF LONG-TERM CONTRACTS FOR SUPPLY OF PARTICULAR MINERAL
THEY HAD HELPED FINANCE. EQUITY IN PROJECT WOULD AT ALL
TIMES BE RETAINED IN AUSTRALIAN HANDS, HOWEVER.

2. THOUGH WE HAVE NOT UNDERTAKEN COMPREHENSIVE SURVEY
OF REACTION, PRESS HAS SO FAR BEEN CRITICAL OF CONNOR
REMARKS. MELBOURNE AGE FOR EXAMPLE HIGHLIGHTS MINING
INDUSTRY LEADER COMMENT: "WHAT A LOT OF SILLY BLOODY
NINSENSE*" AGE RAISES SEVERAL POINTS NOT EXPLAINED BY
CONNOR SUCH AS HOW FOREIGN SKILLS AND KNOW-HOW TO BE
UTILIZED IN 100 PERCENT AUSTRALIAN OWNED AND MANAGED
PROJECTS, AND WHAT INCENTIVES WOULD REMAIN FOR COSTLY
EXPLORATION FORMERLY PERFORMED BY PREDOMINANTLY FOREIGN
FIRMS.

3. EMBASSY COMMENT. PREDICTABLE PRESS AND INDUSTRY
REACTION NOTWITHSTANDING, IT SEEMS OBVIOUS THAT NEW FOREIGN
EQUITY INVESTMENT IN AUSTRALIAN RESOURCES EXPLOITATION FACES
SERIOUS PROBLEMS OVER NEAR TERM IN DEALING WITH PRESENT
GOVERNMENT. IRRESPECTIVE OF AUSTRALIAN NEED FOR DEVELOP-
MENT CAPITAL OR PROBABLY INFEASIBILITY OF INDIVIDUAL
SCHEMES SUCH AS CONNOR'S, GOA WILL BECOME INCREASINGLY
ASSERTIVE IN PRESSING WHAT IT CONSIDERS AUSTRALIAN INTERESTS
IN DEALING WITH FOREIGN OWNERSHIP.
HARROP

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: NATURAL RESOURCES, EXPLORATION, FOREIGN INVESTMENT CONTROLS
Control Number: n/a
Copy: SINGLE
Draft Date: 13 AUG 1973
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: elyme
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1973CANBER04492
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: n/a
From: CANBERRA
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1973/newtext/t19730842/aaaabetx.tel
Line Count: 91
Locator: TEXT ON-LINE
Office: ACTION EA
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators:
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: n/a
Review Action: RELEASED, APPROVED
Review Authority: elyme
Review Comment: n/a
Review Content Flags:
Review Date: 23 OCT 2001
Review Event:
Review Exemptions: n/a
Review History: RELEASED <23-Oct-2001 by eisnerah>; APPROVED <05-Dec-2001 by elyme>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: MINISTER FOR MINERALS AND ENERGY OUTLINES FOREIGN INVESTMENT PLAN
TAGS: EMIN, EFIN, AS
To: STATE
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005